GOVERNMENT OF INDIA
POWER
LOK SABHA

STARRED QUESTION NO:176
ANSWERED ON:25.07.2002
RATIONALISATION OF CPSUS TARIFF STRUCTURE
VSM (RETD.) COL. CHOUDHARY

Will the Minister of POWER be pleased to state:

(a) whether the Union Government have received any proposal from the Government of Rajasthan for Rationalization of CPSUs Tariff Structure;

(b) if so, the status of the proposal;

(c) whether the Government have analyzed the existing tariff structure of power generated by Central Generating Stations which has created an anomalous situation in terms of Central Undertaking earning more than reasonable profit and the State Undertakings virtually going bankrupt;

(d) if so, the details and reasons therefor; and

(e) the time by which the CPSUs Tariff Structure is likely to be cleared and reviewed?

Answer

THE MINISTER OF POWER (SHRI SURESH PRABHU)

(a) to (e) : A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (e) OF STARRED QUESTION NO. 176 TO BE ANSWERED IN TH LOK SABHA ON 25.07.2002 REGARDING RATIONALISATION OF CPSUs TARIFF STRUCTURE.

(a) to (e) : Chief Minister of Rajasthan has requested for exemption of Central Power Sector Undertakings (CPSUs) from income tax liability on the Return on Equity (RoE) so that it does not get passed on to the SEBs/Power Utilities. This in the context of the existing dispensation of post tax return of 16% on equity. The Chief Minister has also argued, inter alia, that the unreasonable burden on the SEBs/Power Companies on account of tariff structure of CPSUs should be reviewed.

The Central Electricity Regulatory Commission (CERC) has been constituted by Government of India under the provisions of the ERC Act, 1998 with powers, inter alia, to regulate the tariff of generating companies owned or controlled by the Central Government. Prior to the constitution of the CERC the Central Government had powers to regulate the tariff of Central generating companies under the provisions of Section 43 A (2) of the Electricity (Supply) Act, 1948. The powers of regulating the tariffs of these companies are now with the CERC.

A Working Group was constituted under the Chairmanship of Special Secretary (Power) to prepare a concept paper on tariff policy. The Group has since submitted its report. One of the recommendations of the Group is to move towards regime of pre-tax return from post tax return so that efficient tax management is incentivised. A High Level Committee has been constituted under the Chairmanship of Secretary (Power) to finalise the tariff policy after taking into account the comments and views of the various stakeholders and experts on the report of the Working Group.